

*U.S. Department of Education*

*Student Financial Assistance (SFA)*



# **SFA University**

## **Deliverable 31.1.1 Process Flow Straw-model**

***September 12, 2000***





## **SFA Process Flow**

### **Straw-model Introduction**

This straw-model is designed to document the student aid financial process from the perspective of the various parties involved. The straw-model is an essential element of the SFA Front to Back training development process and the information gathered is being reviewed by SFA subject matter experts to ensure the process is accurately depicted and the end training details processes as they actually occur.

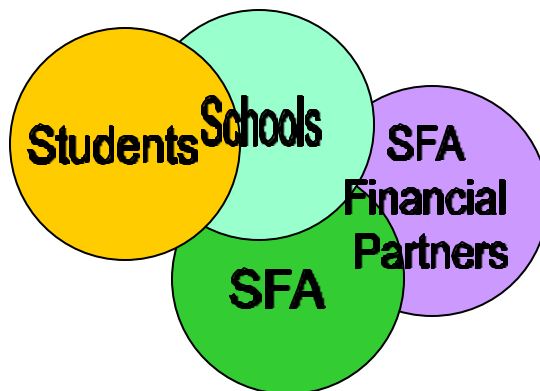
The information presented in the straw-model was compiled from several sources:

- SFA subject matter experts
- Operating Partner subject matter experts
- SFA Modernization Blueprint - April 7, 2000 edition
- SFA Coach
- Project EASI information

Before going into details of each of the relationships, we must emphasize the importance of meeting the SFA Service standards throughout the student aid process. The Service Standards cannot be applied solely to students or school staffs but must be demonstrated to everyone involved in SFA's mission. The four key concepts; Efficiency, Courtesy, Great Products & Services, and Being Worthy of Trust, must be maintained when dealing with anyone in the process chain. Co-workers and Operating Partners should be treated with the same high standards as those outside of the SFA organization. Everyone is a customer and deserves to receive quality service.

The process straw-model illustrates Student Financial Assistance's financial aid delivery process from four different perspectives – Student, School, SFA and Financial Partners - and the relationships between all four.

Below is a graphic representation of the relationships between the four entities. The drawing depicts the fact that the schools have more contact with the students than does SFA and that SFA Financial Partners work, primarily with SFA and the schools.





Each of the four sections of the straw-model depicts the actions and reactions of one of the four perspectives. The student financial assistance process, as depicted in the straw model, represents the least complex type of student aid application. The flow assumes that all steps occur without significant challenges. Of course, not all applications process without difficulties. Since the possibilities for unusual events to occur are vast, we have focused our model on the process as it is designed to happen.

Immediately following this section is a copy of the combined Student Financial Assistance straw-model (attachment 1) which provides an overview of the entire process with each of the four parts displayed at the same time along with arrows to indicate related processes. Following the combined straw-model is a hypothetical timeline (attachment 2) which display approximately when Students, Schools and SFA are taking actions throughout the first year of a student's loan. A table of Aid Process Activities (attachment 3) is provided as a reference to view concurrent activities which may be occurring over the course of a student's loan. Each of these documents provides a different view of the overall process to provide a big picture which is subsequently broken down into the component perspectives.



## **Student Process Flow**

The Student process is depicted by the two tracks of action the students follow. The aid application track begins with the research step where the student learns the options available for financial assistance. There are a variety of research avenues open for students. High School, and non-academic, counselors receive information from SFA and often have the best vantage point of the students desires and needs. Internet based information sources including SFA's web site are quickly becoming one of the primary channels for student loan information. Students can also call the Department of Education information center which is the Public Inquiry Contractor (PIC) at 1-800-4FEDAID. Traditional marketing vehicles including Public Service Announcements, Educational facility postings, Financial Aid nights at high schools and other techniques also serve to inform students of opportunities.

Concurrently while looking for funding opportunities, students are also researching potential schools to discover institutions which meet the student's needs and desires. After deciding on schools and funding opportunities that best fits their needs, students submit required school and loan applications to the appropriate institutions. Most students then go through one of the most stressful periods of their educational careers, waiting for the college or university to accept them for enrollment. In a similar fashion, they are waiting for SFA to return their SAR.

When the student receives and accepts an admissions offer and financial aid package, the two parts of the student track merge. At the beginning of the school term the student registers for school and "signs their life away". Soon after, they receive entrance counseling and funds are disbursed by the school.

At the end of the academic year the student faces another decision point; renew the application or begin to pay off the debt. If the student renews the aid request, a renewal application is sent to SFA. If the student does not renew, the school administers exit counseling and the student begins to repay the loan in accordance with the loan agreement.

At various points in the student process there are branches which intersect with the Schools section.



## **Schools Process Flow**

The Schools Process starts with an interaction with SFA to enable the institution to participate in the Student Loan program. The school applies for campus based funds (FISAP). In order for a school to participate in SFA loan programs they must complete the FISAP application and some of their staff must undergo SFA training. After the FISAP is completed and throughout the remainder of the aid process the school acts as an conduit between the student and SFA providing information, verifications and assistance.

On the FAFSA, the student can identify several schools they wish to have receive their financial information from SFA . This enables the student to have choices when they are faced with the decision of what school they in which wish to enroll. When the SAR is mailed to the student, those financial institutions the student selected on the FAFSA are sent ISIRs. The schools use the ISIR to verify student information and to determine the mix of financial aid types they can offer the student. Schools, as part of their offer of admission and submit details of the financial aid package proposal to the student. The student then must decide if they want to accept the schools offer or pursue other options.

Once the student accepts the school's offer of admission and signs the student aid package, the school sends the financial aid documents or data to SFA. The SFA Schools channel then disburses the funds to the school. Before actually distributing the funds to the student, the school verifies the student has actually enrolled in a program and is eligible for the loan and provides entrance counseling. When those steps are completed the funds are disbursed to the student.

The school maintains records of disbursed funds and, at the end of the school year, discusses the students desires to renew the student aid or to begin loan repayment. The school then either repeats the process of verification and eligibility or provides exit counseling to the student.

Throughout the straw-model, the school is shown to have a high level of interaction with SFA.



## **Student Financial Assistance (SFA) Flow**

SFA's process involves three distinct phases. In the first phase, SFA has a high degree of interaction with both the Applicant and the school. Applicants, after researching available options, can submit a FAFSA by hard copy or over the internet through "FAFSA On The Web". Schools, as described earlier, work with SFA to complete the FISAP and receive training. Once the Applicant has submitted a FAFSA, SFA calculates the Expected Family Contribution and produces a Student Aid Report (SAR) to send to the student. At the same time, an Institutional Student Information Record (ISIR) is sent to each of the schools the applicant named on the FAFSA.

The second phase involves dealing exclusively with the school into which the student has enrolled. SFA receives, from the school, any financial aid documents required by the type of student assistance provided. Funds are then disbursed to the school for distribution.

The third phase of SFA's involvement deals with processing renewal applications for students who continue to attend schools, managing loan repayment for certain programs, and as needed, assuming uncollected loans.

Once the student accepts an assistance package, SFA's Financial Partners begin working to ensure the process runs as smoothly and effectively as possible.



## **SFA Financial Partners**

SFA's Financial Partners, meaning lenders and Guaranty Agencies (GAs), interact with a student taking out a Federal Family Education Loan (FFEL). In the most common scenario, the student will accept a FFEL Stafford loan offered by the school. A loan certification of eligibility is transmitted, by mail or electronically, by the school to the lender, or to a GA if such an agency is performing that function for the lender.

The lender or GA sends the student a disclosure statement which states the amounts, interest rate and terms of the loan, and disburses the funds to the school in the form of a paper check, or EFT transaction. In a perfect world this process would repeat each year until the student completes his/her education. When the student's school career ends, the lender or servicer sends repayment information to the student who then commences repayment after a 6 month grace period. Contact between the student and the lender or servicer continues through the various stages of the loan which may include repayment due diligence, deferments, forbearance, discharge, default and collection.

SFA has internal as well as external Financial Partners, however, the internal Financial Partners have no relationship with students. The Internal Financial Partner channel supports and oversees the lenders and guaranty agencies. Students only have direct contact with the lenders and guaranty agencies.



## **Process Flow Straw-model Summary:**

The student aid process is composed of actions performed by four major participant groups; the student, schools, SFA and SFA's Financial Partners. The actions of these groups follow unique tracks, but each is dependant on the others to provide timely accurate information and documentation to insure the student assistance process goes smoothly. Students begin their portion of the process with research to discover schools and financial aid which meets their needs and goals. Once the student accepts admission and financial aid from a school, the school becomes the student's primary contact. The school handles all interaction with SFA and Financial partners until the students relationship with the school ends. Among the school's responsibilities are certifying eligibility, maintaining loan documents, disbursing funds and providing counseling. SFA, after its initial contact with the student acts as an oversight and administrative agent with schools and Financial Partners. handle the majority of contact between the student and SFA;

